

# Utafiti Sera Research Brief Series

Issue 1, March 2021

## Fuel subsidy in Nigeria: Lessons in leading the people's side of the tussle

### In a nutshell

Each time the Federal Government of Nigeria considers the burden of fuel subsidy too heavy, it attempts to shed a bit of it. Two things often follow: first, the prices of petroleum products and the cost of living instantly go up; second, the organised labour and civil society organisations mobilise the citizens for protest. They assume the leading position among citizens articulating citizens' side of the tussle in the narratives. In most cases, these protests take place and lead to a downward review of the prices of petroleum products; in a few cases the protests barely take place. In 2012, the protests were

widespread and led to significant policy initiatives (especially SURE-P). Since 2015 fuel prices have continuously gone up (once, down) but labour and the activists have not succeeded in getting people out onto the streets. In effect, they seem to have lost the ability and legitimacy to lead the people's side of the tussle. This has negative implications for the subsidy-related contentions that sometimes bring reprieve for citizens, even temporarily. In the study reported here, we examined how labour and others lost that role, and we draw out lessons on how to lead the people's side of a volatile tussle such as the fuel subsidy issue.

### Attempts to remove or reduce subsidy by different administrations in Nigeria

Year	President/Head of State	Change in price	Remarks
1973	Yakubu Gowon	6k to 8.45k	40.8% increase
1976	Murtala Muhammed	8.45k to 9k	6.5% increase
1978	Olusegun Obasanjo	9k to 15.3k	70% increase
1982	Shehu Shagari	15.3k to 20k	30.7% increase
1986	Ibrahim Babangida	20k to 39.5k	97.5% increase
1988	Ibrahim Babangida	39.5k to 42k	6.3% increase
1989	Ibrahim Babangida	42k to 60k	42.9% increase
1991	Ibrahim Babangida	60k to 70k	16.7% increase
1993	Ernest Shonekan	70k to N5	614.3% increase
1993	Sani Abacha	N5 to N3.25k	35% decrease
1994	Sani Abacha	N3.25k to N15	361.5% increase
1994	Sani Abacha	N15 to N11	26.67% decrease
1998	Abdusalami Abubakar	N11 to N25	127.3% increase
1999	Abdusalami Abubakar	N25 to N20	25% decrease
2000	Olusegun Obasanjo	N20 to N30	50% increase
2000	Olusegun Obasanjo	N30 to N22	26.7% decrease after protests

<b>2002</b>	Olusegun Obasanjo	N22 to N26	18.2% increase
<b>2003</b>	Olusegun Obasanjo	N26 to N42	61.5% increase
<b>2004</b>	Olusegun Obasanjo	N42 to N50	19.1% increase
<b>2004</b>	Olusegun Obasanjo	N50 to N65	30% increase
<b>2007</b>	Olusegun Obasanjo	N65 to N75	15.4% increase
<b>2007</b>	Umar Yar' Adua	Back to N65	15.4% decrease without protests
<b>2012</b>	Goodluck Jonathan	N65 to N141	116.92% increase
<b>2012</b>	Goodluck Jonathan	N141 to N97	31.2% decrease after protests
<b>2015</b>	Goodluck Jonathan	N97 to N87	10.31% decrease as election approached
<b>2016</b>	Muhammadu Buhari	N87 to N145	66.67% increase
<b>2020</b>	Muhammadu Buhari	N145 to N124	14.5% decrease (market forces)
<b>2020</b>	Muhammadu Buhari	N124 to N123	0.81% decrease (market forces)
<b>2020</b>	Muhammadu Buhari	N123 to band of N140 - N145	(Partial) market forces
<b>2020</b>	Muhammadu Buhari	Band of N140 - N145 to band of N145 - N148	(Partial) market forces
<b>2020</b>	Muhammadu Buhari	Band of 145-148 to price cap of N151	(Partial) market forces
<b>2021 (Feb)</b>	Muhammadu Buhari	Band of N160 to N167	(Partial) market forces

**Source: Authors' compilation from multiple sources especially Vanguard (2017)**

## The Study

From 13 Focus Group Discussions involving those who did protest and those who did not, fifteen key-informant interviews with labour leaders, activists and government officials, we identified reasons for (not) participating in fuel-related protests, leadership tactics of the protest leaders, and government's responses to the protests.

## Findings: Trust, distrust and vanishing legitimacy

Trust and distrust played a major role in the protests, their intensity and the role of leaders of the citizens' end of the tussle.

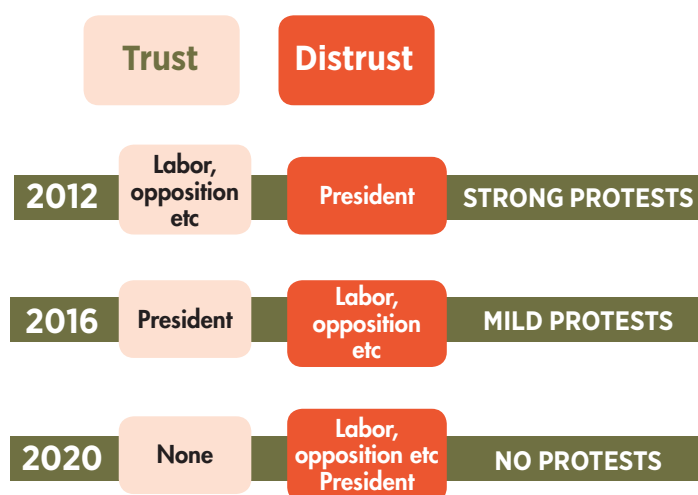
The 2012 had widespread and sharp bite and presence because the government had lost the trust of the people: it was enmeshed in corruption allegations of unimaginable proportions, just as the then president was perceived as indecisive. A discussant said:

It was too obvious that Nigeria could afford subsidy; too obvious. But the money for subsidy was being stolen right in front of the President. The solution was not to withdraw subsidy, and make we masses suffer; the solution was to stop corruption. That's why we have that poster [placard] that said "Kill corruption, don't kill Nigerians"

At the same time, labour leaders enjoyed a high level of credibility, and the opposition was not just organised, it was credible and had a large following.

Therefore, when government announced the increase in the pump price of petrol from N65 to N141, there was a waiting and credible leadership to mobilise the citizens.

**Figure 1**



In 2016, the case was different. When the prices of petrol went up by over 66%, top among the reasons for not participating in protest called by labour was lack of trust for labour leaders and a feeling of betrayal. Describing Labour's handling of the 2012 protests, a discussant said:

When it is time to protest, they will call us out into the sun; when it is time to negotiate with government they say we are not part of organised labour. Labour goes in and dine and wine with government. They come out smiling and we are still suffering.

Even government officials interviewed affirmed the opacity with which labour conducted the 2012 negotiations stating that that explained people's reluctance to protest future fuel increase.

Distrust for labour leaders and CSOs was coupled with the reputation for integrity and honesty that the president brought into government a year before the protest, a reputation that made many to believe that if the president said subsidy removal was the best for the nation, then it must be. Why then protest?

In 2020, the government decided that it would boldly remove subsidy once and for all time. This meant that the pump price of fuel would be determined by international oil market forces though with a cap to be ensured by government. Immediately the pump price of a litre of petrol dropped from N145 to N124, and further to N123. However, as global prices rose, it also rose first to N145, and later to a range of between N145 and N161. About the same time, government permitted an upward review of the cost of electricity.

Labour jumped in to rally citizens for protests. As the ultimatum drew to a close, it was clear that Nigerians would, again, not protest this time. Labour quickly entered into negotiations with government and the ultimatum was extended by some weeks.

Nigerians had learnt to trust neither the organised labour nor the government. In the assessments of our focus group discussants, government had failed in many of its promises especially those about security, electricity and the resuscitation of the refineries. Labour leaders were also accused of being the major beneficiaries of most popular actions in addition to being corrupted by government. Thus, they were distrusted. Beyond condemning government's decisions in the media and through online platforms, opposition politicians could not, unlike in 2012, rally people for a protest in 2020. Again, they are as distrusted as the government and labour leaders.

The foregoing abridged analysis suggests that when Nigerians trust labour leaders and protest organisers and distrust the government, a strong protest could occur; when they trust the president but not the labour leaders and protest organisers, only a lame protest could be expected; when they trust neither of them one might expect close to no protests at all.

## Lessons on leading the people's end of the tussle

### Transparency should be first guiding principle

Citizens possess the critical faculty which predisposes them to doubt and distrust. In fragile and conflict-affected settings, the level of distrust is often high because people think that they have been let down innumerable times by their government. Only a transparent leadership can serve the people in this situation and remain trusted.

### Inclusiveness should be second guiding principle

Mobilising and including everyone during protests but self-selecting by labour leaders during negotiations is a major cause of distrust and opacity. If protest leaders are not inclusive in constituting their negotiation team, government should insist on inclusiveness because it is actually in the interest of every stakeholder.

### Leaders should nurture structures and seek quick exit

Good leadership helps people take control so well that the leaders become unnecessary. It does not nurture a culture of dependency in which the people have to call on the union leaders and CSOs each time a threat to their wellbeing arises.

### Mass action is an expendable resource

People protesting on the streets and at barricades might be singing, dancing, and sharing food, drinks and jokes but that does not make protesting endless fun. This is especially so in fragile and conflict-affected settings where protests are met with maximum force from security agencies, leading to injury and loss of lives.

#### Why bother?

Civil society organisations, organised labour, international development partners and especially the government should be bothered about the gradual disappearance of the legitimacy of the leaders of the citizens' end of discourses and protests in Nigeria. The October 2020 #EndSARS transmuted into an orgy of violence, looting and bloodletting most likely because it was leaderless. Not only this, without credible leadership of the citizens' movements and actions, the nation would be robbed of balanced contentions on which democracy is known to thrive.

## Reference

Vanguard (2017) "Timeline of fuel price increments". <https://www.vanguardngr.com/2017/12/timeline-fuel-price-increments/> Accessed 12 September, 2020

This PASGR Utafiti Sera Research Briefing was written by Prof. Ayobami Ojebode and Dr. Martin Atela. It was produced as part of the Action for Empowerment and Accountability (A4EA), an international research programme which explores how social and political action can contribute to empowerment and accountability in fragile, conflict, and violent settings, with a particular focus on Egypt, Mozambique, Myanmar, Nigeria, and Pakistan. A4EA is funded with UK aid from the UK government (Foreign, Commonwealth & Development Office – FCDO, formerly DFID). The views expressed in this publication do not necessarily reflect the official policies of our funder.

Produced as part of:



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